

## 3 Project Characteristics

### 3.1 Project Description

---

*Provide a description of the project, including the conceptual design. Describe the proposed project in sufficient detail so that type and intent of the project, the location, and the communities that may be affected are clearly identified.*

**The BMI will create streamlined and effective administrative business processes, supported by state-of-the-art information technology and performed by efficient organizations.**

The Virginia Government Transformation Alliance proposes the **Virginia Business Modernization Initiative (BMI)**: a program to modernize the administrative business systems and supporting enterprise information technology infrastructure of the Commonwealth, providing the long-term structural changes required to realize improved government performance and yield tangible financial benefits. Our approach for the BMI is flexible and experience-driven, allowing us to meet the challenges presented by a complex environment while also providing the Commonwealth with the best value with the least amount of risk. The goal of the BMI is to help the Commonwealth achieve its aspiration to be the best-managed state in the nation.

The solution concept is a partnership between the Commonwealth and an alliance of private sector firms that works to complete the transformations required to modernize the Commonwealth's business enterprise and to continue to develop the enterprise through ongoing enhancements.<sup>1</sup>

---

<sup>1</sup> All references to "AMS" in this proposal refer to American Management Systems, Incorporated, a Delaware corporation which is a wholly-owned subsidiary of CGI Group, Inc.

### Exhibit 3-1 The Business Modernization Initiative



VA-BMI-03-v16

The elements of this Initiative are described below.

#### 3.1.1 Virginia BMI: The Partnership

To achieve the desired results of the BMI, the Commonwealth and the private sector Alliance will be united into a single entity: The BMI Partnership.

As depicted in Exhibit 3-2, delivery of the Initiative is achieved through the creation of a partnership between the Commonwealth of Virginia and the Virginia Government Transformation Alliance that together will deliver the products and services for business modernization. This partnership is the essential conduit for the upfront investment of resources by the Alliance in order to begin the improvements that will yield the collective financial benefits that will pay for the program.

**Exhibit 3-2 Conceptual View of the BMI Partnership**



VA BMI-23 v03

**The Commonwealth, through the establishment of VITA, has taken steps to enhance the use of technology in government. The Alliance understands this as VITA's vision, and we believe that the BMI supports and facilitates achieving this vision.**

Each partner brings essential characteristics and commitments required of a successful partnership. The Virginia Government Transformation Alliance is the implementation partner that brings resources in the form of human capital, best practices, and expertise, and it bears the initial financial risk to start the program. The Commonwealth brings its long-term strategic vision to guide the work, its human resources to participate in developing and ultimately own the modern enterprise, and the requisite statutory framework that will support alternative funding streams for the effort.

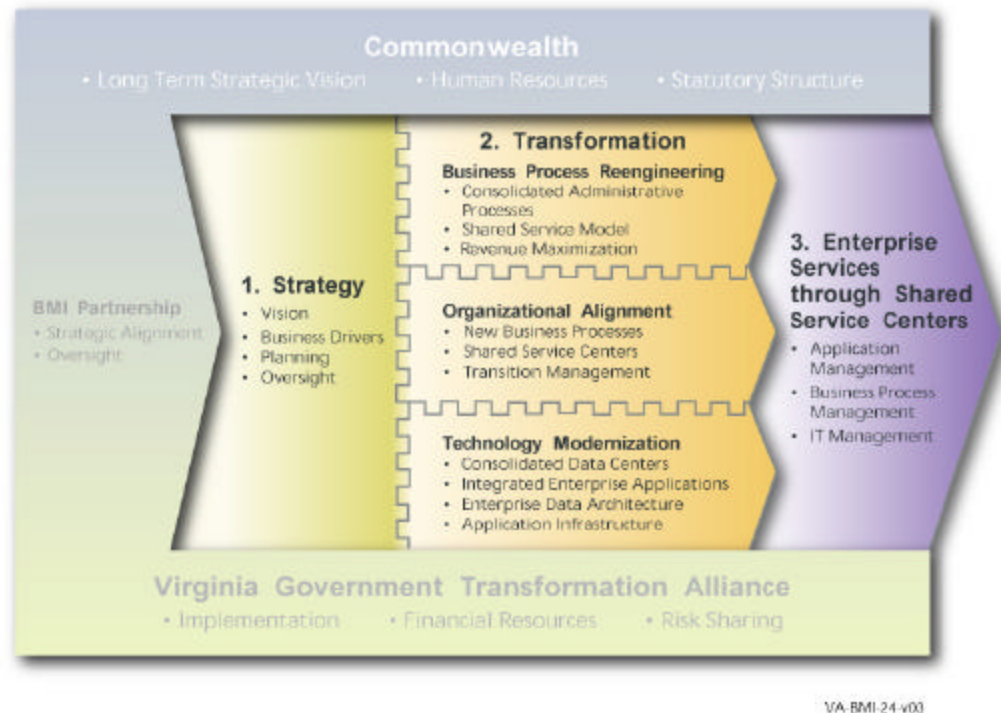
The Partnership is enhanced by the roles of the Virginia Secretary of Technology, Chief Information Officer (CIO), Information Technology Investment Board (ITIB), and Virginia Information Technologies Agency (VITA). Through the establishment of VITA, the Commonwealth has taken steps to enhance the use of technology in government by consolidating technology resources and providing centralized services. The Alliance understands this as VITA's vision, and we believe that the BMI supports and facilitates achieving this vision.

The BMI consists of three distinct work streams that are tightly integrated and therefore are undertaken concurrently, not sequentially.

### 3.1.2 Virginia BMI: The Initiative

The BMI consists of three distinct work streams that are tightly integrated and therefore are undertaken concurrently, not sequentially, as illustrated in Exhibit 3-3.

**Exhibit 3-3 Conceptual View of the BMI Initiative**



The BMI solution optimizes business processes, aligns organizations, enhances technology, and deploys ongoing services for the enterprise.

The work streams are itemized below and described in detail in following sections.

1. **Strategy.** This work stream incorporates the Commonwealth's strategic vision into a set of formally adopted business drivers and makes certain that the business drivers guide the choice of projects and implementation paths for all elements of the Initiative. To embed strategy into implementation, the strategy work produces blueprints for the envisioned end-state of the enterprise. Strategic planning requires ongoing monitoring and recalibration for the BMI's duration.
2. **Transformation Activities.** These activities fall into three categories:
  - **Business process reengineering** to produce more effective and efficient business practices for both internal administrative management and constituent-facing functions. Reengineering is proposed in the areas of processes for administering financial, property, and human resources; revenue maximization; and consolidation of common support services such as customer service or payroll.
  - **Organizational alignment** to manage the Initiative's impact on the Commonwealth, including the transition of a workforce that must adapt

in skills and utilization as business processes change and new organizations are established to provide shared services that all Virginia government can use.

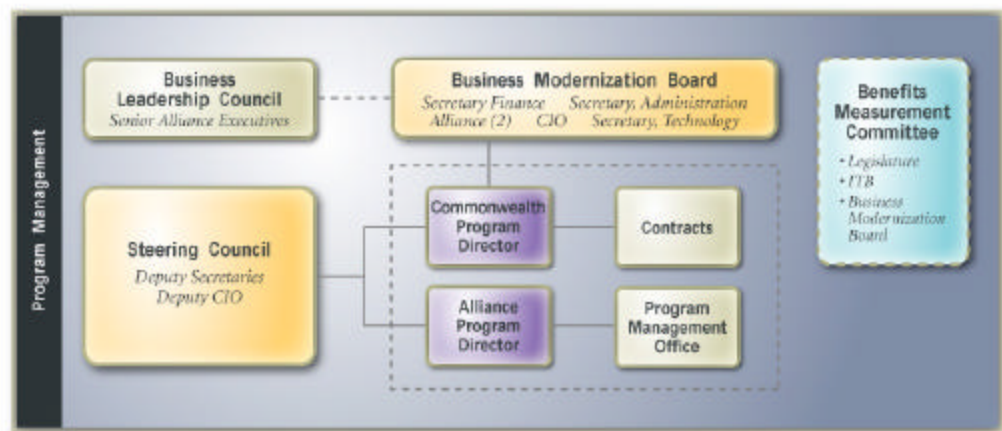
- **Technology modernization** to rationalize and streamline infrastructure and to deploy integrated enterprise applications for better administrative management.

**3. Enterprise Services Provided by Shared Service Centers.** This work stream will support the transformed enterprise. These services may range from basic technical support to selected external provision of application management, IT services, or business processes. Candidates for external provision will be those that can be performed more cost-effectively by the Alliance. Other services will continue to be provided by Commonwealth organizations.

### 3.1.2.1 Strategy

Strategic direction for the Business Modernization Initiative will be set by a Business Modernization Board and executed by a Program Management Office (PMO). Exhibit 3-4 shows that the Business Modernization Board is composed of executive leadership from both the Alliance and the Commonwealth; in similar fashion, the PMO will be jointly staffed and managed.

**Exhibit 3-4 Program Management Structure**



VA-BMI-18-106

**We will use a best practices approach to project portfolio management that has been fine-tuned through federal and state projects.**

The PMO operations will be driven by a best practices approach to project portfolio management developed by the Alliance partners and fine-tuned in a number of engagements with our federal and state government customers, such as AMS's VA TAX Partnership Project, Unisys's Pennsylvania Data PowerHouse and the Transportation Security Administration's ITMS, GovConnect's Michigan e-Pay, SiloSmasher's General Services Administration

(GSA) E-Government Strategy Program Management Office, and Belacorp's Federal Aviation Administration Enterprise Application System projects.<sup>2</sup>

At a high level, the elements of our project portfolio management approach are as follows:

The portfolio management process will be guided by a set of defined business drivers.

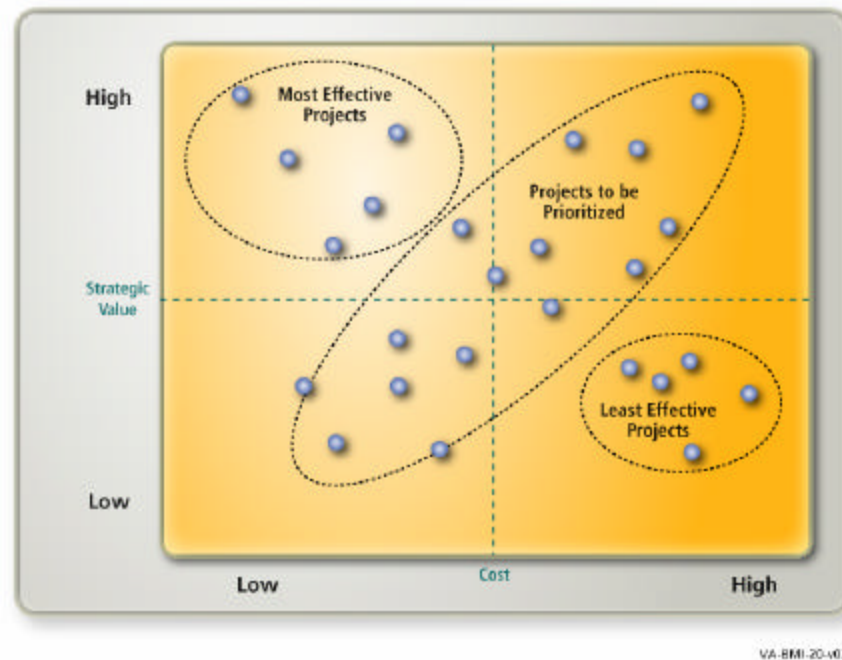
- **Define and Prioritize Business Drivers.** The PMO will work with the Business Modernization Board to understand the strategic vision and business strategy of the Commonwealth at large and selected secretariats and agencies. These will then be translated into business drivers: those imperatives that must be met to make the Commonwealth more successful. Ultimately, a set of prioritized business drivers will be identified and used to govern the work and activities of the PMO and the entire Initiative. We note that the drivers may evolve over time in response to evolving decisions by the Commonwealth concerning its business needs, and also in response to the progress of realizing benefits. The drivers will be assigned quantitative values to measure relative importance and support a structured analysis.
- **Identify and Prioritize Projects.** The PMO will maintain an inventory of possible enterprise-wide projects within the scope of the BMI to determine their value and cost to the Commonwealth's strategic plans and objectives. These efforts will be synergistic with VITA's efforts to define and prioritize enterprise-wide IT projects across the agencies in scope for BMI (VITA, Secretariat of Finance, Secretariat of Administration, Department of Human Resource Management, and Department of Planning and Budget). Each project will be examined for its viability for helping to meet the Commonwealth's business drivers.
- **Analyze and Optimize Project Portfolio.** The PMO will assist the Business Modernization Board in analyzing and optimizing the project portfolio and may use tools, such as a prioritization quadrant like the one shown in Exhibit 3-5, to construct the portfolio.

---

<sup>2</sup> Alliance member projects are cited throughout this chapter to describe the experience we can bring to the BMI. Many of these projects are described in detail in Appendix A. More information will readily be made available on any particular project, should the Commonwealth wish to explore a topic in more detail.



**Exhibit 3-5 Virginia BMI Project Portfolio Prioritization Quadrant**



As this exhibit illustrates, the projects toward the top are closely aligned with the Partnership's business drivers. Projects in the upper-left quadrant are the most effective. These are considered the "low-hanging fruit:" projects that should be initiated and completed as soon as possible because of their clear strategic value, low-cost implementation, and potential cost savings and revenue generation. The establishment of the PMO and the initial analysis of the projects in its portfolio as described here is one example of such a high-impact, low cost initiative.

On the other hand, projects in the lower-right quadrant are expensive and not closely aligned with the business drivers. Typically, they are the first ones to be downsized or eliminated in situations in which resources are scarce. Examples of such projects are the disconnected efforts of individual Commonwealth agencies to upgrade or implement their own financial or enterprise management systems.

After identifying the most effective and least effective projects by evaluating them against the defined business drivers, the PMO will assist the Business Modernization Board in prioritizing and justifying the business case for the projects in the other two quadrants. Based on this prioritization, the PMO will determine the work streams of active projects for a given period of time.

- **Monitor, Re-Plan and Realign Projects.** We will conduct ongoing monitoring of the health of the projects and realign priorities based on the changing business drivers, conditions and constraints in the Commonwealth environment. Most importantly, the PMO will institute standard processes for articulating the business case and including new projects in the active portfolio.

### 3.1.2.2 Transformation Activities

The transformation activities that we envision will affect the Commonwealth's business processes and the information systems, policies, and organizational structures that support them, with the purpose of eliminating inefficiencies and implementing permanent ongoing cost reductions in Commonwealth government. Our proposed approach has the following dimensions:

- **Alignment and Business Integration.** The business transformation approach envisioned by the Alliance realigns and integrates the Commonwealth's business processes, information systems, organizational culture, policies and structures with the Commonwealth's goals for achieving greater value and efficiencies in the management of its resources and services. Transformation activities of this scale and complexity must be tightly orchestrated and use a collaborative approach. The Alliance proposes to guide the Commonwealth's transformation using the business drivers, and to cascade that approach through the business process reengineering, organizational alignment, and technology modernization efforts. Placing the business drivers at the center of the transformation increases the opportunity for tightly aligning technology, organization, workforce commitment, and business processes with the Commonwealth's mission and goals.
- **Stakeholder Commitment.** The transformation activities proposed by the Alliance leverage private sector best practices and government experience in projects in large-scale business transformations involving complex numbers of stakeholders. SiloSmashers will lead the transformation activities for the Alliance and bring to bear their experience successfully managing the U. S. General Services Administration's (GSA) portfolio of five government-wide E-Government initiatives and development of GSA's Enterprise-wide Customer Relationship Management (CRM) program. We will employ a collaborative management approach that elicits participation of stakeholders and builds commitment, rather than relying upon top-down direction to achieve compliance.
- **Return on Investment (ROI).** In order to achieve the maximum ROI, we propose to conduct an initial set of transformation activities that are both strategic and value-added for the agencies in the main scope of the effort (VITA, Secretariat of Finance, Secretariat of Administration, and Department of Planning and Budget).

An example of an ROI transformation is the development of the annual budget plan for the agencies in the Department of Planning and Budget (DPB). A transformation in this area is strategic because it fulfills an essential mission of the agency; it is value-added because it satisfies the needs of DPB's customers (the Office of the Governor and the Legislature). Another example of such a process for VITA is provisioning hardware resources to support the application development needs of an agency. This process is strategic because it contributes directly to the fulfillment of the mission of VITA; it is value-added because it serves the needs of agencies, which are VITA's customers.

The following sections describe our proposal to transform the way the Commonwealth works today by reengineering business processes, aligning



organizations to reflect the new way of working, and enhancing the technology tools that enable the new processes.

### 3.1.2.2.1 Business Process Reengineering

Studies have shown that inadequate attention to business processes is a major source of failure in technology and organizational change initiatives. To avoid this common pitfall, the Alliance intends to evaluate and reengineer three categories of key business processes:

- Administration of enterprise financial, human, and property resources under purview of central administrative agencies
- Revenue maximization
- Support Services, including payroll, accounts payable, consolidated customer service and shared service centers

The Alliance's approach to business process reengineering is to identify shortfalls in the existing business processes and develop "To-Be" processes that reflect the goals of streamlining, process consolidation, and business integration. Finally, we will conduct a gap analysis to analyze the specific processes targeted for change and outline the steps involved in the process redesign. The implementation of these steps will be addressed through the Organizational Alignment Plan and roadmap discussed in more detail in Section 3.1.2.2.2. Specific reengineering initiatives are described below.

**Enterprise Resource Management.** The first type of business processes we intend to evaluate and reengineer are those that administer enterprise financial, human, and property resources under the purview of central administrative agencies. Because we intend to focus on the specific business needs of the Commonwealth, agency users will be involved throughout the process so that their needs are considered from project inception through implementation. We will undertake strategic planning for the legacy applications to determine the best roadmap for appropriate transition to a consolidated process with as little disruption as possible.

We will build upon our understanding of Commonwealth business processes as a result of the work with Commonwealth agencies in the AMS's eVA and VA TAX projects, and GovConnect's Cash Concentration project. We will also leverage our experience reengineering similar processes in projects like AMS's work with the California Franchise Tax Board and New York City's Financial Management System implementation, and in GovConnect's implementation of Michigan's e-Pay solution.

As the final product, we will deliver consolidated and modernized business processes, supported by enterprise applications, for the core administrative management business functions of the Virginia government enterprise.<sup>3</sup> These

---

<sup>3</sup>Enterprise applications comprise both software for business processes and tools, such as data warehouses, that will enhance knowledge management and performance reporting for all administrative functions.

We do not recommend a particular Enterprise Resource Planning (ERP) software package at this time because we believe that the software selection should be driven by the Commonwealth's

enhanced business processes will provide increased ability for the agencies to meet their obligations while simultaneously lessening workload, so that staff resources can focus on other activities.

As shown in Exhibit 3-6, the enterprise business processes included in THE BMI are controlled by the Department of Accounts, the Department of Planning and Budget, the Department of Human Resource Management, and the Department of General Services.

**Exhibit 3-6 Enterprise Administrative Business Functions Proposed for the BMI**

Functional Owner	Business Function
Department of Accounts	<ul style="list-style-type: none"> <li>Administrative Services</li> <li>Financial Reporting</li> <li>General Accounting</li> <li>Payroll Processing</li> <li>Information Resources Management</li> </ul>
Department of Planning and Budget	<ul style="list-style-type: none"> <li>Budget Operations</li> <li>Performance Budget Preparation</li> <li>Budget Analysis, Policy and Planning support</li> </ul>
Treasury	<ul style="list-style-type: none"> <li>Cash Management and Investments</li> <li>Claim Management</li> <li>Debt Management</li> <li>Risk Management</li> <li>Unclaimed Property</li> <li>Operations</li> </ul>
Department of General Services	<ul style="list-style-type: none"> <li>Capital Outlay Management</li> <li>Facilities Management</li> <li>Real Property Management</li> <li>Fleet Management</li> <li>Procurement</li> <li>Strategic Sourcing</li> <li>Supply and Distribution</li> </ul>
Department of Human Resource Management	<ul style="list-style-type: none"> <li>Compensation and Benefits</li> <li>Workforce Planning</li> <li>Training and Development</li> <li>Employee Relations</li> <li>Workers Compensation and Safety</li> </ul>

**Revenue Maximization.** The second type of business process we propose to evaluate and reengineer is related to revenue maximization. We see revenue maximization as a set of targeted initiatives in process change, technology, leadership, and organizational structure to assist the Commonwealth in capturing

business needs. Research and selection of the most appropriate software package will be one of the first activities undertaken by the Partnership.

all revenue currently leaking from process inefficiencies, human error, or system deficiencies.

For example, the Commonwealth today has over \$1.4B in non-tax receivables that are deemed uncollectible. Based on our experience in AMS's VA TAX project, we believe a change in the process of handling these receivables (supported by sophisticated analytical tools and better data quality) can enable the Commonwealth to collect a portion of this amount and reduce the potential write-off of future receivables. The experience of AMS in a range of revenue maximization efforts in state and local governments has shown that capturing even small individual revenue leaks can amount to major enhancements in the financial picture of organizations, particularly if the improvement is part of a larger enterprise transformation effort such as that envisioned in the BMI.

**New Delivery of Support Services.** The third type of business process we intend to evaluate and reengineer is related to support services. There is duplication and redundancy in the Commonwealth today in the way processes and activities are conducted by each individual secretariat or agency. We propose to consolidate all activities from a general category, such as payroll, accounts payable, or customer service, into stand-alone operating units or shared service centers that will serve all agencies across the Commonwealth. The purpose of the shared service centers is to carry out support processes in a standard and efficient way, in order to relieve agencies from the need to manage these processes and allow them to focus on the processes that are core to their business, mission and strategy.

The Commonwealth has already acquired experience in establishing and operating shared service centers with the creation of VITA and the transition of IT support functions from agencies to VITA. In reengineering support processes and setting up shared service centers, we will leverage this experience and will complement it with the knowledge we have gained from projects such as AMS's eVA and VA TAX projects, Unisys's Pennsylvania Data PowerHouse project, and GovConnect's U.S. Treasury Electronic Federal Tax Payment System.

For all the business processes we will evaluate and reengineer, the Partnership will determine the best way to perform and support these processes over time. We will determine which business processes can be provided by the Alliance to achieve further cost savings. The Alliance will provide skilled resources to support Commonwealth employees in the performance of the processes that will continue to be owned by the Commonwealth. In all cases, we will use organizational alignment and technology modernization initiatives described in the following two sections as enablers of the new and efficient processes.

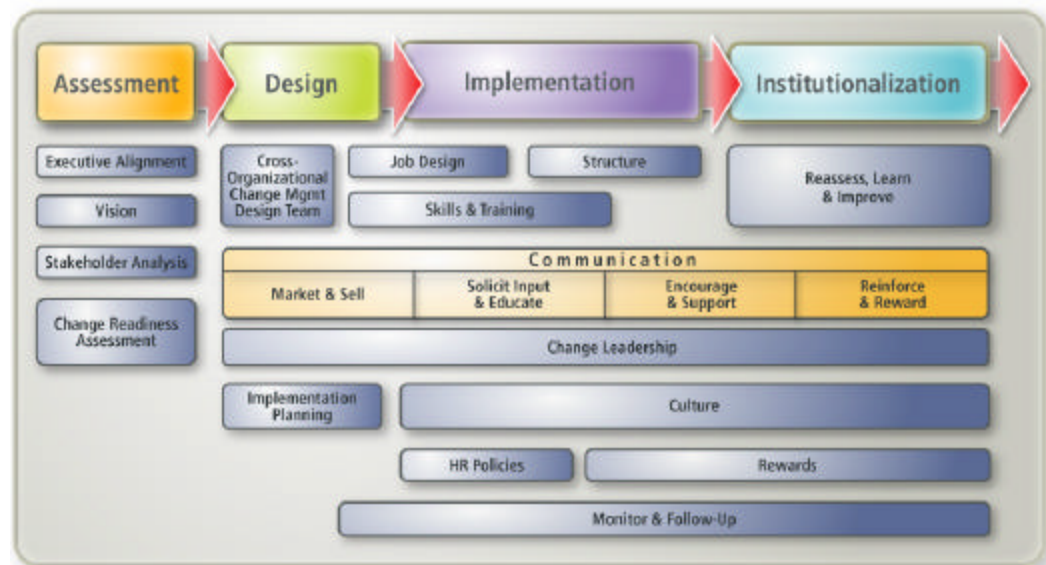
#### **3.1.2.2.2 Organizational Alignment**

Our second track of transformation activity is the organizational alignment that will need to occur to manage the Initiative's impact on the Commonwealth. Appropriate buy-in of stakeholders, having the right people with the right skill sets, and having the right tools are all critical precursors for effective implementation of any project. It is surprising that change management issues are often ignored or undervalued, given that most technology organizational change implementations fail not because the technology or new organization and processes are flawed. Instead, failures occur because the staff resists changes,

there is insufficient training and skill development, or supporting organizational processes (such as reward and recognition) are not realigned to support the new context.

In our experience with initiatives of similar scope and complexity, we have found that it is critical to create an implementation roadmap that dictates the sequence, pacing, and overall timetable for change management. An example of some of the typical change activities for a large-scale project is shown in Exhibit 3-7. This view shows change management activities and ultimately would be incorporated into an *integrated* overall BMI plan administered by the PMO and governing all of the Commonwealth's key initiatives. The roadmap will be tailored to the Commonwealth's unique requirements during the early stages of detailed project management planning.

**Exhibit 3-7 Organizational Alignment Approach**



VA-BMI-28-v01

The activities proposed as part of the Virginia BMI will change the way Commonwealth employees and organizations work. Whether it is because of new processes or technology modernization, the efficiencies that the Partnership will realize will come in a significant part from new and consolidated positions and job responsibilities and the reduction in the number of people required to fill these positions.

The Partnership incurs a significant risk both in the initial buy-in and acceptance stage, as well as in the implementation stage, if the efforts to realign Commonwealth agencies are not handled with care. In such situations, panic commonly sets in, rumors fly, and morale sinks. We propose to counter this tendency with a robust set of six tactics aimed at helping employees and agencies throughout the Commonwealth with the difficult task of restructuring:

- **Executive Alignment.** During the early stages of strategic planning and alignment that the Alliance will perform with the Commonwealth, careful

attention needs to be given to change management considerations. This is typically accomplished with an executive work conference focusing on organizational alignment. During this conference, executives agree on the vision, timetable, performance metrics, and key communication messages; assign executive sponsors to act as champions for key initiatives; and charter a change management design team. The design team will assist the Alliance in planning, creating a stakeholder analysis and change readiness assessment, and designing training and other change management tools as the implementation progresses.

- **Change Readiness Assessment.** We recommend that the Commonwealth conduct, as a critical-path activity, a change readiness assessment. The change readiness assessment will help Commonwealth decision-makers understand the issues that stakeholders struggle with and that give rise to active and passive resistance. It will also address the risks of not developing and implementing a formalized change management plan to support the success of the BMI Implementation.
- **Stakeholder Analysis.** The Alliance's view is that all of the work of organizational alignment should be driven by a simple goal: moving key stakeholders along the path of transformation, sometimes more rapidly than they would like. Key stakeholders are those individuals and groups that are positioned so that they can, by themselves, either greatly help or greatly hinder the success of the change effort. Having an in-depth and intimate understanding of the current state is helpful to plan actions that will initially move key stakeholders out of the status quo and into the future. This means not only understanding their issues and concerns but also the keys to their energy and motivations—elements required to create and sustain long-term momentum.

The outcome of this process is a stakeholder management plan spelling out an overall strategy to manage key stakeholders in terms of roles, concerns, methods to garner support, timetable, and progress monitoring

- **Effective Communication.** We will work closely with each affected agency to plan an effective communication strategy, both for the central office and for field offices. We will involve top management, as well as personnel and communications staff from the Commonwealth, in developing and monitoring this strategy. We will draw from the Commonwealth experience in establishing and transitioning its IT support functions to VITA and on our experience from a number of projects where effective communication was a critical success factor (such as AMS's eVA and New York City Financial System or Unisys's PowerHouse and Transportation Security Administration (TSA) Information Technology Managed Services (ITMS) projects).
- **Position Management.** Our experience and best practices from other reengineering efforts show that proper position management planning is essential to the future effectiveness of agencies undergoing reengineering. As part of the implementation of new processes and consolidated enterprise systems, we will assist the Commonwealth in designing or redesigning positions to combine logical and consistent duties and responsibilities into an orderly, efficient and productive organization. Positions will be planned so

that there are logical entrance levels and career patterns for employees to move to more skilled and higher graded positions. We will also promote sound position management strategies to enable qualified personnel to occupy positions and help identify where training and development of current staff may be required to meet future staffing requirements.

- **Needs Analysis.** A business needs analysis is a part of the strategic planning and alignment that the Alliance will perform with the Commonwealth throughout the BMI implementation. In areas where change will be required, we will carefully analyze affected agency and program requirements to understand how agencies can continue to support their customers and perform their mission without interruption.

The Alliance and the Commonwealth will work together to support the Commonwealth employees who are reassigned to new work, as the enterprise modernizes and their former functions are performed differently. We believe that the Partnership has several options by which to manage this issue, which are presented in Chapter 4 of this proposal.

### **3.1.2.2.3 Technology Modernization**

As our third track of transformation activity, we propose to support the ongoing modernization of the technology operations and infrastructure begun by the VITA creation and consolidation, including VITA's effort to get each agency onto an equivalent technical platform and infrastructure.

**Data Center Consolidation.** To further supplement VITA's activities and responsibilities, the first type of technology modernization activities deals with data center consolidation. We propose to consolidate data center operations, implement a disaster recovery data center, and put in place a suite of integrated operation support systems to manage and run these data centers. We will leverage the experience gained by Unisys in the Pennsylvania Data PowerHouse and TSA IMTS projects and by Belacorp in the FAA EAI project. And, we will coordinate the implementation plan with VITA's strategy to support successful execution of this important aspect of technology modernization. Should the subsequent due diligence activities prove the business case, this may include networking and desktop IT services and support from the Alliance.

**Integrated Enterprise Applications.** The second type of technology modernization initiative will implement a suite of integrated enterprise applications that support the business processes we intend to modernize, as described in section 3.1.2.2.1. These enterprise applications will include constituent-facing applications, also known as Constituent Relationship Management (CRM) solutions; back-office administrative applications, typically known as enterprise resource planning (ERP) suites; and a set of enterprise productivity applications such as workflow automation, knowledge management and performance management tools.

Our strategy in implementing these integrated enterprise applications is to select commercially available software to deploy, working with the Commonwealth early on to make selections based on the Commonwealth's business needs. A number of Alliance members have extensive experience implementing the type of applications we describe here. AMS, for example, has implemented a number of enterprise resource planning, financial and administrative systems for the



Virginia, New York City, and Kentucky; GovConnect has implemented a statewide electronic payment system integrated with financials for Michigan; and Belacorp has implemented an enterprise knowledge management and workflow automation system for the FAA.

**Enterprise Data Architecture and Applications Infrastructure.** The third type of technology modernization initiative supports the enterprise by implementing enterprise data architecture and enterprise applications infrastructure. The Alliance brings experience and lessons learned from using enterprise architecture to address large-scale enterprise modernization challenges across the Federal civilian and defense sectors. For the DoD-wide Business Management Modernization Program, AMS is using enterprise architecture to consolidate and coordinate DoD-wide business processes and more than 2,000 legacy systems. For the Commonwealth of Pennsylvania, Unisys is using consolidated enterprise data center operations to improve performance and reduce costs.

In our proposed technology modernization, we are confident that we can support and complement VITA in achieving its five pillars of success. As shown below, the BMI aligns closely with the measures against which VITA assesses its own performance.

**Exhibit 3-8 VITA's Five Pillars of Success**



VA-BMI-22-v02

**The BMI has been designed to complement VITA's activities and meet their defined pillars of success.**

- **Excellence in Service Delivery** – We have proposed an Alliance of firms that have the collective expertise required to deliver each aspect of the BMI. Our team, with this comprehensive background, will promote the ability to provide excellent service delivery of the BMI to the Commonwealth.
- **People = Assets** – The Alliance has given significant thought to the people that will be impacted as a result of the BMI. We understand that the

Commonwealth resources are critical to the success of the Initiative and have proposed a strategy to accommodate this valuable asset.

- **Success through Partnerships** – The Commonwealth and the Alliance teaming for the BMI will provide an excellent opportunity for the Commonwealth to obtain tangible benefits that will demonstrate the success of “partnership in action.”
- **Technology Solutions** – We have proposed a technology approach that will put the Commonwealth at the forefront of state’s information technology initiatives, while still focusing on and effectively managing associated risk. Subsequent to the initial technology implementations, we have also proposed a plan for the continued technology refresh and maintenance.
- **Transparency** – The BMI team will institute an open and inclusive process so that users will know what to expect, will feel comfortable with the changes, and can plan accordingly. Furthermore, the Alliance has presented a plan that will complete the core transformation of the government enterprise over a three-year period. During this transformation, continued emphasis will be placed on causing minimal disruption for employees and constituents as the new business processes and technology components are implemented.

### **3.1.2.3 Enterprise Services Delivered by Shared Service Centers**

**Shared service centers will provide the ability to consolidate and streamline common business functions to the benefit of the Commonwealth agencies and eventually can be expanded to accommodate local governments.**

We intend to use shared service centers as the delivery organization for ongoing support services. Shared service centers can be thought of as operational business units that provide a consistent approach to many of the common activities that are undertaken throughout government. By establishing such facilities during the consolidation phases of this Initiative, the Commonwealth is able to focus its resources on those activities and gain operational efficiencies by having resources that specialize in those functions. Shared service centers can also expand their coverage to offer services to Virginia local governments.

Some of the centers will be run and “owned” by the Commonwealth in an in-sourcing model. Others will be run under a model in which the Commonwealth will purchase service center management from the Alliance. This approach targets those business and IT functions that are outside the Commonwealth’s core competencies and that can be more cost-effectively performed by another resource, perhaps through a utility model that provides network-based access to computing services, business processes, and applications through a pay-as-used service.

For each center, the Partnership will provide the structure, operating framework, staff training, and other startup and maintenance resources. In each case, these centers will employ both Alliance and Commonwealth staff resources. All of them will offer high quality services backed by service level agreements.

Leveraging the work already done by VITA, and the experience of AMS in the eVA and VA TAX projects, Unisys in the Pennsylvania Data PowerHouse and TSE ITMS projects, and GovConnect in the US Treasury’s Electronic Federal Tax Payment System project, we propose to establish and offer to agencies a portfolio of services with the following characteristics:

- Support offerings are tiered to enable customer options in selecting the services and the level of quality of these services. Offering services in a tiered rather than bundled fashion will enable all agencies to benefit from these services, irrespective of their size.
- Support processes are automated to resolve repetitive support problems/issues and enable customer self-help where desired, thus reducing labor cost for the majority of support incidents. The implementation of the integrated enterprise applications, like the enterprise productivity tools and CRM described in the previous section, will enable the automated support of such services.
- Each service offering will be backed up by a Service Level Agreement (SLA), which specifies the metrics that will monitor the quality and success of the service.
- The service portfolio will leverage future improvements in technology to provide more choices to agencies and other customers of these services for service delivery mechanisms.

Ultimately, our investments in service provisioning, management, and CRM technologies, the standardization of support processes and organizational structures, and the establishment and use of organizational knowledge through training and knowledge management practices will enable the Partnership to offer improved and more efficient services to agencies.

### **3.1.3 BMI : Project Examples**

To offer a sense of what the future may hold for Virginia as a result of the Initiative, we have provided four examples of the potential of modernization. Each of the examples identified is consistent with the Commonwealth's Strategic Plan for Technology. Please note that these are examples for purposes of illustration in this proposal; there are many other activities that are in the BMI program portfolio. Effective portfolio management will allow the Partnership to determine the priority and implementation schedule for each of the projects.

#### **3.1.3.1 Business Process Optimization Example: Budget Cycle**

*As new best practices are instituted through the BMI, the Commonwealth will benefit from streamlined processes to complete administrative management activities, such as budget planning.*

**Good examples of modernization opportunities are budget planning, constituent facing applications, a collections service center, and data center virtualization.**

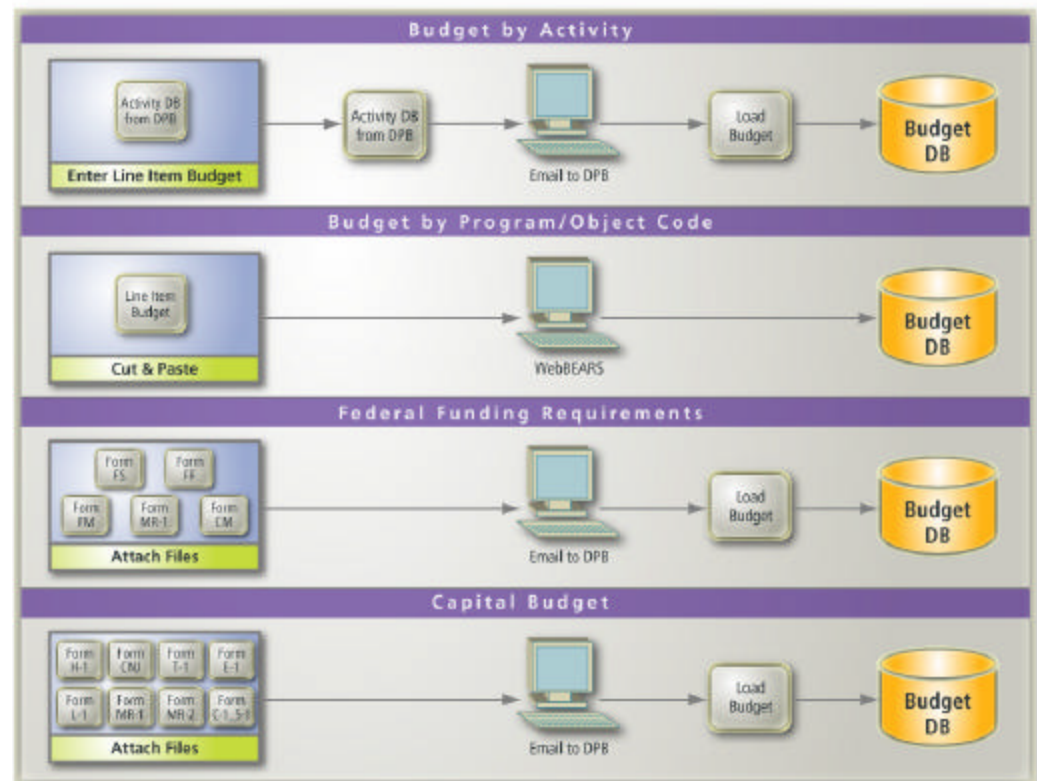
Studies have shown that average companies spend 0.4% of their annual budget (or \$1,000/employee) on activities associated with budget preparations and annual planning, with only 16% of that resource focused on strategic direction and high-value activities.<sup>4</sup>

**Current Situation.** Budget planning is an intricate, complicated process that requires a significant time commitment from budget analysts and can be error prone when relying heavily on human intervention to complete the process.

Despite the legal mandate and the existence of a Performance Management System to guide planning and budgeting, many agencies do not measure performance well nor engage in rigorous program evaluation. Information about performance is rarely incorporated into statewide and agency level decision-making about agency budgets and organization.

From a budget development perspective, Commonwealth budget analysts spend an enormous amount of time to develop and submit their annual budgets. One of the inefficiency culprits is a dependency on spreadsheet-based tools, which can be cumbersome and error-prone and are subject to version control problems for the various budget iterations. Exhibit 3-9 depicts the Commonwealth's current budget submission process.

**Exhibit 3-9 Commonwealth's Current Budget Submission Process**



VA-SM-08-v02

<sup>4</sup> "Benchmarking the Planning Process: World Class Companies v. Average Companies", Federal Executives Research Foundation, December 2002

**World-class organizations spend 0.2% of their annual budget in planning, with more time spent on strategic activities.**

**The Partnership will implement an administrative management module to improve budget planning. The Commonwealth will be able to move from time-consuming number crunching to better planning.**

**A disconnected set of citizen support solutions can create obstacles to meeting government objectives.**

In the current environment, the Commonwealth lacks an integrated end-to-end solution that combines strategy, operational planning, performance management, and reporting and that allows these elements to become a self-reinforcing cycle.

**Future Vision.** As part of the BMI, the Partnership will implement a set of administrative management modules that will include a portion aimed at improving the budget planning process. The implementation of these modules will be done in parallel with the assessment and optimization of the planning process. The technical and process improvement initiatives will be complemented by training resources and activities that will assist Commonwealth employees in the adoption of the new tools and processes. We recommend the implementation of an integrated, workflow-driven budget system that is customized to meet the Commonwealth's specific business and statutory requirements, as we have with past budget system and the associated business processes implementations for the states of Kentucky and Missouri, and the Louisiana Budget Office. As our prior implementations have shown, this approach allows the organization to transition from time-consuming, detailed number crunching to better planning activities.

This initiative will support the Performance Management System by providing consolidated, streamlined access to the information necessary to meet its requirements. Through the new automated features and workflow of the budgeting application, budget analysts will be able to focus more on strategic thinking and direction setting. Industry studies and our experience have shown that organizations that emphasize strategic thinking up front tend to have a clearer sense of direction and better defined goals, with less rework on the back end. Furthermore, based on industry surveys and benchmark data, we expect that a consolidated and well coordinated planning process supported by a centralized application with analytical and business intelligence capabilities will identify a number of redundant and inefficient budget development processes that today go undetected.

### **3.1.3.2 Integrated Enterprise Application Example: Integrated Constituent-Facing Applications**

*In the current business environment, the Commonwealth has a disconnected set of citizen support solutions, making it difficult for government leaders to have a comprehensive view of their constituents. The BMI will implement an enterprise approach to customer relationship management, providing employees a unified view of the citizens' transactions with government so that more coherent service can be provided.*

**Current Situation.** The Commonwealth has a number of citizen support solutions today, but they are isolated and disconnected from each other. While the portal "MyVirginia.Org" provides an excellent consolidated source for Commonwealth services, the subsequent links to individual agencies' interactive systems lack a consistent look and feel. The front-office systems (e.g., Website, contact center, email, and so on) that interact with constituents are typically not connected to each other or to legacy administrative management systems. As a result, staff cannot see an aggregate view of a particular constituent's needs and interactions with government. Efforts to achieve such a 360-degree perspective often involve manual data entry, producing increased errors and delays. The



**The Partnership will implement a suite of integrated enterprise applications that will provide a unified view of the citizens' transactions with government, improving both the citizen's and the employee's experience.**

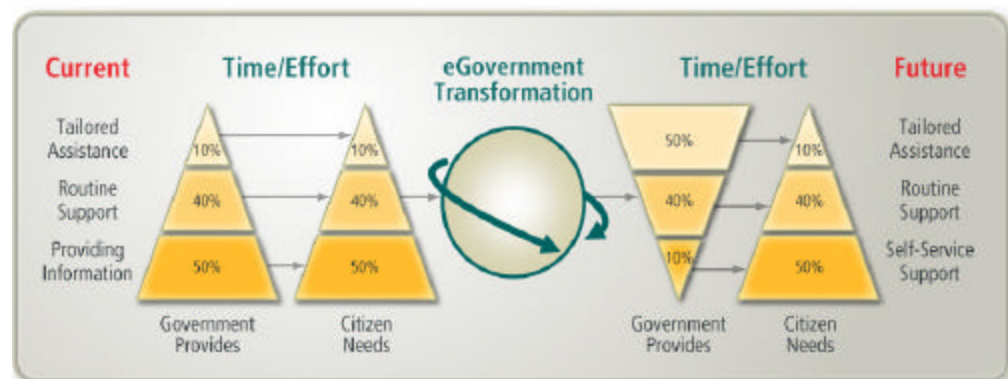
contact center and in-person systems used to create customer files are often isolated from systems tracking entitlements, licenses, or services delivered.

A disconnected set of citizen support solutions can create obstacles to meeting government objectives—for instance, staff are dedicated to maintaining discrete systems or conducting isolated tasks rather than to responding to constituent issues. Government leaders and agency management are unable to attain a real-time, comprehensive view of critical issues, bottlenecks, or trends. The ultimate outcome is high cost to deliver services and limited service quality.

**Future Vision.** The Partnership will implement a suite of integrated enterprise applications that will provide a unified view of the citizens' transactions with government. We recommend this approach because in our experience developing an integrated view at the agency level as we did with the VA TAX project, we have found that a unified and integrated constituent-facing enterprise application provides the foundation that allows effective and efficient constituent support services to be provided. This agency level experience is transferable to the state level, and similar benefits can be expected.

This transformation will impact the experience of both the citizen and the Commonwealth employee. The integrated enterprise applications will provide a mechanism for the citizen to obtain basic information and service routine requests (estimated to be about 90% of current constituent service requests) through a self-service solution enabled by Web, voice recognition, and other advanced technologies. This will allow Commonwealth employees to refocus their attention on providing tailored assistance to those who really need specialized services. In addition, a unified view of constituents will provide a number of benefits, such as decreasing the amount of time to address a constituent request; reducing the number of errors servicing constituent requests; improving the quality of service offered to constituents; and improving the overall satisfaction of constituents with government services. The net result is better service for the citizen. Exhibit 3-10 depicts the transformation of delivery of government services.

**Exhibit 3-10 Transformation of Government Services Delivery**

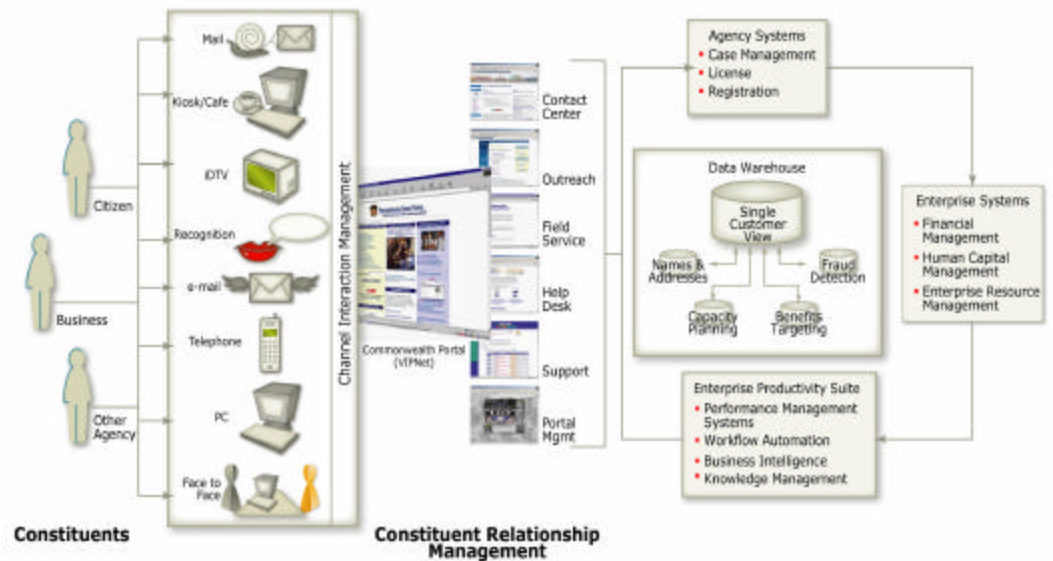


VA-BMI-07-v03



Exhibit 3-11 illustrates the architecture of the integrated enterprise applications envisioned by the Alliance. The key business drivers of the solution are detailed below.

**Exhibit 3-11 Integrated CRM Solution for the Commonwealth**



- **Providing Multiple Communication Channels to Constituents.** In addition to the standard communication methods of telephone and mail, Commonwealth citizens will have access to a wide range of proven technologies, including email, Internet, interactive digital TV (iDTV) and wireless Internet. To provide enhanced customer service to the citizens in the future, the Commonwealth will need to be able to offer access to a variety of these channels to allow citizens to communicate through their channel of choice.
- **Enhancing Citizen Interaction and Enterprise Application Integration.** The citizen interaction management component, integrated with the workflow and other elements of the solution, will facilitate providing the full range of customer services in a coordinated and resource-efficient manner. Citizens making self-service inquiries will become familiar with a consistent look-and-feel for government applications. Incoming inquiries handled by a customer service representative can be dealt with in a single environment facilitating consistent business processes, better range of services from a single point, improved response times and consistent responses, and protection of the citizen's personal information.
- **Leveraging Existing Systems.** The Commonwealth and executive branch agencies have invested substantial money and effort in developing reliable transactional systems that support mission-critical business processes of the agencies. The integrated enterprise application proposed by the Alliance preserves the value and increases the longevity of these systems. This will be achieved through the Web-based service-oriented architecture that will be implemented as the information technology backbone of the Commonwealth.

- **Single View of the Constituent.** Having available a complete, current and detailed understanding of a constituent together with the history of previous interactions is key to improving the citizen experience. Through a combination of citizen relationship management, data warehousing, reporting, and analysis tools, the BMI will enable Commonwealth employees to gather information more consistently; analyze comprehensive information to determine trends and detect fraud, and improve process effectiveness. (We note that the benefits of improved data management must be balanced with legal considerations concerning privacy of information.)

### **3.1.3.3 Shared Service Center Example: Non-Tax Receivables Collection**

*The Commonwealth has \$2.4B in outstanding accounts receivable. The BMI will implement a shared service center that will be charged with managing the collections of these non-tax debts through a consolidated process.*

**The Commonwealth currently operates collections in a decentralized fashion, with most activities being letter-driven.**

**Description of Current Situation.** The Commonwealth of Virginia currently has over \$2.4B in accounts receivable, including \$1.0B of active receivables and \$1.4B of receivables deemed uncollectible. Like most states, the Commonwealth currently operates collections in a decentralized fashion. Other than Tax and Court debt, which have been consolidated at the Department of Taxation, each agency manages its own accounts receivable. Since collections are not a primary programmatic mission for most agencies, a limited set of collections tools and strategies are utilized. The Wilder Commission found that most collection activities are letter-driven, with little risk analysis and few outbound call campaigns. If an agency utilizes an outside collection agency (OCA), typically only one OCA is used with a fixed commission structure.

This situation has produced less than satisfactory results: As of June 30, 2003, over 57.5% are over 90 days past due and over 78% come from the largest five agencies. To increase state revenues and relieve budgetary concerns, it is critical that the Commonwealth manage its accounts receivable efficiently and effectively.

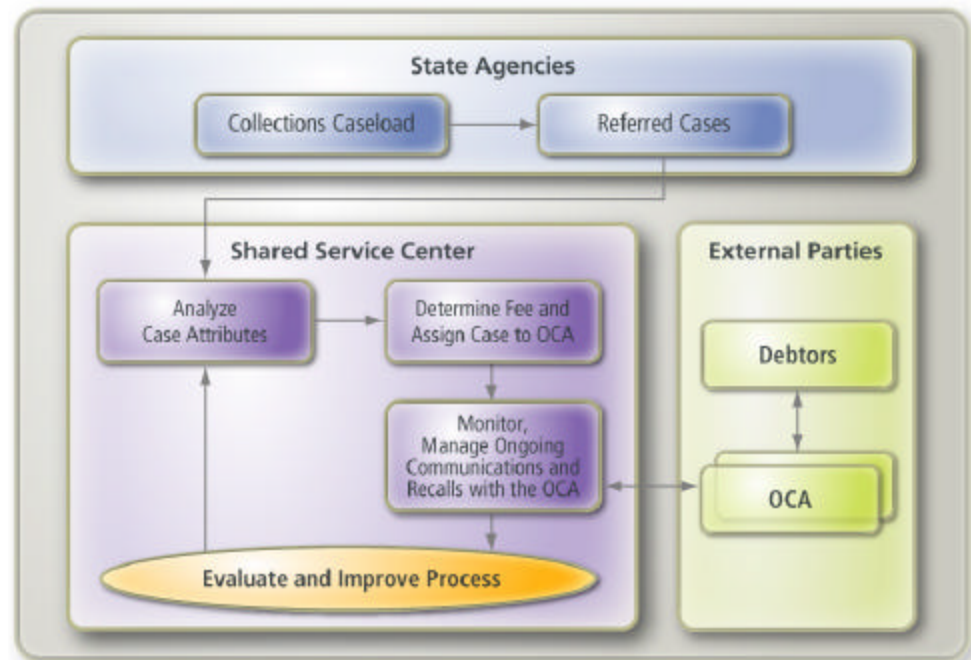
**The BMI will implement a shared service center that will utilize a structured process to maximize non-tax debt collections while minimizing the cost per dollar collected.**

**Future Vision.** The Partnership will implement a shared service center for non-tax debt collections that will maximize revenue collections for the Commonwealth while minimizing the cost per dollar collected. Our collections experience in 19 states has allowed us to tailor private sector best practices to the unique government environment, and we will utilize this specialized experience through the establishment of this shared service center.

Our approach will determine the appropriate collections remedy based on customer characteristics rather than on debt characteristics. To achieve these goals we envision a solution with a tiered commission structure that is supported by a central collection inventory management process and system. Managed by the Partnership, the shared service center will be responsible for managing the case inventory and interactions with the OCAs for non-tax debt over an agreed upon number of days old. The use of negotiated service level agreements with each referring agency will define the results to be achieved.

Exhibit 3-12 illustrates the operating concept of the shared service center that will collect non-tax debt on behalf of the Commonwealth agencies.

**Exhibit 3-12 Operating Process of Non-Tax Collections Shared Service Center**



VA-BMI-12-v02

The shared service center will utilize a five-stage process to collect non-tax debt, as described in Exhibit 3-13, understanding that all five stages may not be necessary for each account.

**Exhibit 3-13 Collection Process for Non-Tax Debt**

Stage	Description
Analyze Case Attributes	After the agreed upon number of days, collection cases will be referred to the shared service center for collection. Each case received will be segmented and assigned a risk score and collectibility index to be used in the OCA assignment process.
Determine Fee and Assign Case to OCA	Based on the case analysis, the case will be assigned to the OCA approved for work in that segment. Fees are assigned based on the collectibility of the account, with easier to collect cases costing the Commonwealth less than the more difficult cases.
Ongoing Monitoring and Review	As the case is worked, a standard cycle of updates (e.g., payments received, additional penalty and interest posted) will be passed to the OCA. In addition, the OCAs will capture and pass updated data, such as updated address information, back to the central system. As the OCAs work the cases, the service bureau will monitor and work review queues with requests from OCAs for approving pending actions such as payment plans or dispute resolutions.
Recall Management	The shared service center will monitor the status of the accounts, and if a case is not worked in a given timeframe it will be recalled to the shared service center for reassignment

Stage	Description
	to another OCA.
Evaluate and Improve the Process	Throughout the process, the system is producing operation and management reports to allow the service bureau to both effectively monitor and manage the inventory and report results to the referring agency.

### 3.1.3.4 Technology Infrastructure Example: Data Center Virtualization

*The Commonwealth has implemented VITA to consolidate the information technology infrastructure throughout the state. The BMI will complement VITA's activities to provide a consolidated platform to support the new business processes being instituted.*

**Our research has shown that the Commonwealth today is operating with disparate data centers, all with different requirements.**

**The BMI will utilize the consolidation of these data centers as one step in providing the technology infrastructure that will enable true business transformation.**

**Current Situation.** Technology is a significant enabler to achieve results—but without proper management and administration of that technology, business process improvement is constrained. Our research has shown that a typical agency in the Commonwealth today has designed its own way to meet requirements for serving standard and mission-specific application needs—practically every agency has developed a mini-data center of servers with different requirements for uptime, backup, scalability and availability. As a result, there is little or no flexibility in the way servers are provisioned; uptime falls short of industry best practices; and innovation is stifled because scarce resources are devoted to operating and maintaining, rather than optimizing and advancing. Ultimately, the data center is a cost center, not a benefit center.

**Future Vision.** The Commonwealth has taken a first step at addressing this issue through the establishment of the VITA. The proposed BMI program will complement VITA's activities and, in conjunction with them, change the Commonwealth's IT picture radically. Together we will take the Commonwealth from the current landscape dominated by a multitude of dedicated servers to a utility computing environment with the ability to seamlessly access and scale computing capacity on demand and across agency, location, application or operating system, as was done in the Unisys Commonwealth of Pennsylvania's Data PowerHouse project. This will be accomplished while also focusing on the five pillars of success defined by VITA.

In the new environment, server utilization rate will go up to 70% or 80%; server administrators will be able to handle three to four times the number of servers they manage today; database administrators will be able to handle data volumes an order of magnitude higher than the current volume; and network administrators will be able to handle four to five times the number of network ports they manage today. Additionally, the new environment allows for the implementation of a consolidated call center function (the first of the shared service centers) to support the data centers.

Once the mechanics of provisioning and maintaining the infrastructure are taken care of, VITA and agency IT staff can focus on prioritizing the Commonwealth's entire portfolio of business processes supported by this infrastructure. Resource demands for given intervals of time can be codified in the form of Service Level Agreements that drive the definition and implementation of access, utilization,

**The data center can deliver significant cost savings and reductions in capital investments.**

**In conjunction with VITA's activities, the BMI will evolve the Commonwealth's current state to a new utility computing environment, providing a pay-as-used environment.**

and eventually charge-back policies. The silos between organizations break down, and a holistic vision and approach begins to take hold that can lead to synergy, innovation and competitive advantage.

The data center can deliver significant cost savings and reductions in capital investments for infrastructure resources, in software licensing fees, in staffing costs, and in facility expenses. There are also powerful ROI metrics in utilization of server resources, increased uptime, improved performance, quicker launch of new applications, better alignment between business goals and IT allocation, and ability to measure usage for billing and decision support.

The new data center built by the Partnership will be powered by technologies like virtualized computing resources, including virtualized servers, storage and networks, associated with dynamic provisioning of resources as needed. It will use policy-based resource management tools, including fault, performance and operations management. And it will utilize policy-based service-level management tools, which encompass business-based and, eventually, ROI-based management of resources.

We have defined an implementation roadmap that grows organically from the current state of the Commonwealth, the efforts that VITA and agencies have made to address some of the problems, and their accomplishments to date. There are four major stages in the evolution to utility computing, as shown in Exhibit 3-14.

***Exhibit 3-14 Stages in Evolution to Utility Computing***

Stage	Description
Server Consolidation	The Commonwealth is in the preliminary steps of implementing this phase today. The Partnership will work with VITA to provide the resources necessary to implement one primary data center and a fail-over data center for disaster recovery and business continuity operations. These data centers will be equipped with hardware and partitioning software sufficient to host all the individual servers that will become the responsibility of VITA. The main objective of this phase is to reduce the number of servers through the use of partitioning. This makes managing the data center easier and less expensive. But applications still live on traditional dedicated servers with fixed storage and network connections.
Server Virtualization	The next big step is to create pools of computing, storage and network resources in the consolidated data centers. This step increases exponentially the utilization of the data centers while lowering the total cost of ownership.
Grid Computing	Beyond server virtualization is grid computing, which uses idle resources on servers and desktop devices to tackle compute-intensive applications. The premise of grid computing is that the workload of a single, heavy-duty application can be divided up and assigned to multiple devices.
Utility Computing	Finally, there is complete utility computing in which computing resources can be ordered, used and billed just like electricity.

## 3.2 Work to Be Performed by the Commonwealth

*Identify and fully describe any work to be performed by the public entity.*

The Commonwealth will have responsibilities in three areas: governance, program management, and program execution.

As part of the BMI, the Commonwealth will have responsibilities in three areas: governance, program management, and program execution.

Exhibit 3-15 describes the primary areas of Commonwealth involvement and the initial set of associated responsibilities.

### **Exhibit 3-15 Commonwealth Roles and Responsibilities**

Role	Responsibilities
Governance	<ul style="list-style-type: none"> <li>Provide overall decision criteria and oversight through the Business Modernization Board of BMI</li> <li>Establish benefit measurement process and criteria through the Benefit Measurement Committee</li> <li>Identify and Prioritize BMI Program Portfolio</li> <li>Assist in Risk Mitigation and Contingency Planning</li> <li>Require agency participation in BMI either through executive order or statutory requirement</li> </ul>
Program Management	<ul style="list-style-type: none"> <li>Present Commonwealth's business strategy and translate into a set of objectives and tangible results that must be achieved in order to meet the strategic goals</li> <li>Assist in the prioritization of business drivers that will govern the work and activities of the project execution teams</li> <li>Manage the overall contract and integrate VITA initiatives with the BMI initiative</li> <li>Assist in the identification, prioritization, and analysis of BMI projects</li> </ul>
Project Execution	<ul style="list-style-type: none"> <li>Provide oversight, business processes, and ownership of each project through the Steering Committee</li> <li>Provide assistance specifying requirements and defining service level agreements</li> <li>Review and accept deliverables</li> <li>Provide resources to the Initiative</li> <li>Facilitate assessment of existing business practices, definition of new business processes, and implementation across state organizations and departments</li> <li>Provide staffing and subject matter expertise to each project</li> <li>Assist with management of the organizational impact of the BMI</li> </ul>

We have also made assumptions in Section 3.8 regarding the timing and types of actions to be taken by the Commonwealth to implement the BMI. As we work through the detailed program design, we will further define the roles and responsibilities involved in the Initiative, as well as the contributors from the Partnership (e.g., Secretary of Technology, CIO, ITIB, VITA, DoA, DHRM, Alliance members) to fill those roles.



### 3.3 Federal, State and Local Permits and Approvals

*Include a list of all federal, state and local permits and approvals required for the project and a schedule for obtaining such permits and approvals.*

To the extent any permits or other approvals are required to perform the proposed services, the Alliance will, of course, obtain all such required permits and approvals. Of specific relevance to the BMI, Unisys intends to leverage its unique experience gained working with numerous federal agencies to obtain concurrence and approval to perform outsourcing services for several Pennsylvania state agencies. The participating federal agencies in that program included the Federal Bureau of Investigation, Department of Justice, Department of Health and Human Services, United States Department of Agriculture, Internal Revenue Service, and Social Security Administration.

### 3.4 Project Impacts

At the start of any project, it is important to understand the possible impacts, both positive and negative, that the project may present.

#### 3.4.1 Adverse Impacts Assessment

*Identify any anticipated adverse social, economic and environmental impacts of the project. Specify the strategies or actions to mitigate known impacts of the project. Indicate if an environmental and archaeological assessment have been completed.*

The Alliance does not anticipate any adverse social or environmental impacts from the BMI. Additionally, because the Alliance will bear the financial risks associated with the BMI while funding streams develop, there are no adverse economic impacts of the program for the Commonwealth. An environmental and archeological assessment has not been completed for this project.

**Communication will be a critical component throughout the Initiative to alleviate potential concerns from Commonwealth employees.**

There are two potential adverse social impacts that may be experienced as a result of the BMI. First, as the BMI is undertaken, it is reasonable that Commonwealth employees in administrative management functions may experience some apprehension about the impact of the program on their job status. The Alliance is committed to undertaking a comprehensive workforce transition strategy that includes communication with the Commonwealth employees to reaffirm their value to the success of the program and ease their concerns (discussed in Chapter 4). The Partnership's success on the business modernization initiative depends greatly on the contribution of the employee stakeholders and throughout the program a commitment will be made to remain focused on this challenge.

Second, agencies whose business processes and information technology resources are affected by the business modernization initiative may fear that they will lose control over their information and IT resources and become distanced from the tools they need to effectively administer their programs. We believe that improving administrative functions will allow agency staff to focus on their core missions more effectively. The Alliance understands the potential concern and proposes to develop a communication plan to distribute program information to the impacted agencies. Additionally, representatives of the impacted agencies

and departments will be asked to participate in the planning process. Their participation will afford them the opportunity to become actively involved in decisions that affect them well before any specific actions are taken. They will be embraced as partners in the effort, one that can succeed only with their active participation.

### 3.4.2 Positive Impacts Assessment

*Identify the projected positive social, economic and environmental impacts of the project.*

The proposed business modernization initiative will provide positive social and economic benefits to the government employees, citizens, and Commonwealth businesses. The nature of the program does not present the opportunity for positive environmental impacts.

#### 3.4.2.1 Employees

**The BMI will create growth opportunities for the Commonwealth employees and prepare them for new roles within the enterprise of government.**

The business modernization initiative is a substantial effort to renew the business practices in the Commonwealth—and the change of business practices does not come without change to employee's job activities. The Alliance has identified two primary social benefits that will be enjoyed by the Commonwealth employees: everyday jobs will be converted into careers through enhanced training; and employees will become stakeholders of government performance.

As the Business Modernization Initiative evolves, a workforce transition will also occur—employees will be transitioned from their existing positions into newly defined roles required for the enterprise to be successful. It is the goal of the Partnership to provide the required training and tools necessary to develop these employees in their new roles and leverage their vast institutional knowledge at the same time. We anticipate that as technology and business processes improve and result in changes to employee roles, employees will regularly be provided with growth opportunities and the requisite skills training. For example, employees can gain expertise in roles such as business analysts, programmers, super users, help desk support personnel, and others. As this expertise becomes more uniform in its applicability horizontally across state agencies, employees will better secure their positions in Commonwealth government and have opportunities to move horizontally and vertically through the organization.

The Commonwealth's employees are key stakeholders of the Business Modernization Initiative—ultimate success depends heavily on their support. The Alliance recognizes this connection, and representatives of the impacted agencies and departments will be asked to participate in the planning process. They will be embraced as partners in the effort, one that can succeed only with their active participation. But the Alliance believes that the “employee as stakeholder” idea goes beyond the scope of the BMI through to the enduring enterprise of government. As employees become more identified with a model of government run with modern business practices and technology, they will also become more personally identified with its success—especially as personal professional opportunities for growth and public service are made available to them by the Partnership.

**The BMI will provide citizens with easier, more convenient access to government and improved service from government.**

### 3.4.2.2 Citizens

As technology evolves and the private sector responds, citizens' service level expectations increase accordingly. These expectations, however, are not segregated in their minds—citizens expect the best possible service from private and public entities both. The enterprise technology, integrated back-end business applications, and ongoing enterprise management will provide the foundation for the Commonwealth to respond to this challenge and deploy additional systems that provide citizens both easier access to government and improved service from government. Our work with the Commonwealth on the VA Tax project is one example of how a partnership to modernize Commonwealth business practice using technology can provide better government service.

Over the last several years there has been a push to allow citizens to interact with government as efficiently as possible, through a variety of channels and on a 24x7 basis. In many states, government has responded to this challenge piecemeal—with each agency doing what they can to make services available. This piecemeal approach often requires citizens to go to multiple agencies to get answers to their inquiries.

In contrast, the Alliance's proposal of a comprehensive, coordinated, and consolidated enterprise approach starts with the business objectives of government and details how enterprise technology can deliver on objectives in powerful new ways. Enterprise architecture specifies the technology through which citizens, businesses, and employees engage government information and services. Done well, the enterprise architecture provides a single face of government that is easy to navigate, consistent in look and feel, and seamlessly integrated—allowing users to find what they want according to their intentions, not the government's organizational structure. The other side of the information exchange is addressed as well—information management will also focus on the citizen's information and protecting its security wherever it is used in the government enterprise.

### 3.4.2.3 Businesses

Business owners understand their customer's expectations and what they must do to satisfy customers—and as customers of government, business owners have expectations themselves. Through the BMI, the Commonwealth will adopt better administrative management practices, enabled by technology, and so demonstrate to businesses that the Commonwealth's government is a well-run organization that is oriented to customer service.

**The BMI will demonstrate to Commonwealth businesses that the government is a well-run organization that is oriented to customer service.**

We also expect that businesses will experience a more business-friendly environment in their government interactions, simply through the application of technology and improved administrative process management. Businesses will be able to take advantage of more electronic and automated points of interface, allowing them to more effectively and efficiently interact with the Commonwealth. As the enterprise technology develops, there may be opportunities to provide "small business technology assistance" programs that will be designed to provide guidance and advice to emerging businesses on technology issues.

Since businesses will be able to relate to the new business environment, they will be encouraged to participate as stakeholders in the government's enterprise

development efforts, understanding that they are helping to create positive change in the Commonwealth.

### 3.5 Implementation Strategy and Plan

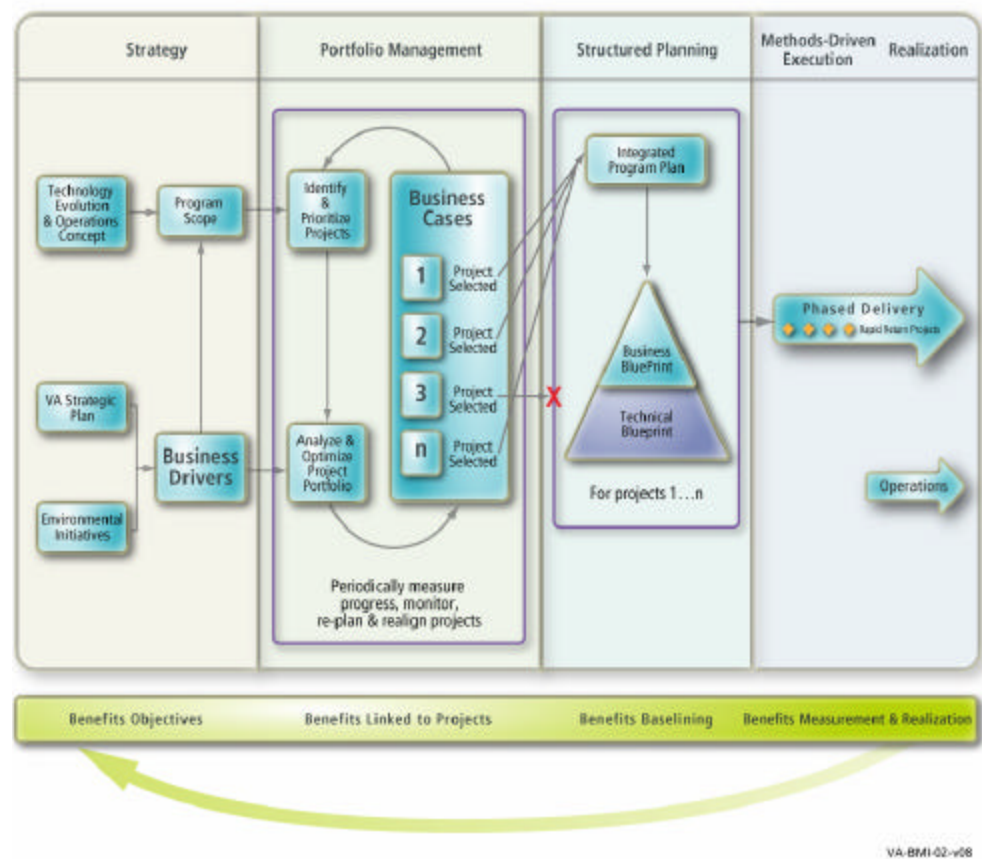
*Identify the proposed schedule for the work on the project, including the estimated time for completion.*

The Alliance has developed an implementation strategy for the BMI that is intended to introduce the least amount of risk for the Commonwealth while still achieving the maximum business benefit. The Alliance proposes to deliver the BMI over a ten-year period; this is a large initiative and the management and execution will follow standards that will promote its ultimate success. The core business transformation will occur through three phases over the initial 36 months of the program. Then we will engage a seven-year effort to expand, improve, and support the ongoing enterprise operations.

#### 3.5.1 Implementation Concept

The Alliance brings together a group of organizations that are very experienced in the implementation of modernization initiatives. Based on the cumulative experience of the group, we identified four design principles that should drive the conceptual implementation strategy, as illustrated in Exhibit 3-16.

**Exhibit 3-16 Conceptual Implementation Strategy**



**Our proposed implementation strategy is driven through the portfolio management process. This process will use the business drivers to determine the priority for each project identified within the BMI program.**

- **Strategy.** We will imbue the BMI with the Commonwealth's strategic vision by articulating the key business drivers that represent this vision. The Business Modernization Board will validate and approve these drivers as the standard against which the appropriateness of each potential project will be assessed.

- **Portfolio Management.** The number and magnitude of the projects that will be undertaken as part of the Business Modernization Initiative necessitates the use of a sound portfolio management process. Using the business drivers, we can prioritize projects and shift the planned portfolio to optimize the benefits derived from particular projects or project combinations. Central to this approach is the development of sound business cases that concretely establish the costs and benefits to be derived from each project.

As described in Section 3.1.2.1, the PMO will support the Business Modernization Board in managing the portfolio of BMI projects by verifying that business cases support business drivers and prioritizing the identified projects (i.e., the numerical value will be higher for those projects that meet the highest value business drivers). The Alliance supports our federal customers using tools and best practices to support their enterprise portfolio management and, as members of the Business Modernization Board, we will apply this expertise to the BMI.

- **Structured Planning.** We will use a structured planning technique that relies on business and technology blueprints to represent the desired end-state for a particular function. In this way, work proceeds against a blueprint as part of an integrated program plan that envisions a concrete, specific, and planned result. We will apply the tools and best practices of Enterprise Architecture to blueprint the future state, manage the transition, and model the interdependencies and complexities of the BMI. This approach has been proven successful in federal and commercial transformation and has been recommended by the National Association of State Chief Information Officers (NASCIO).

- **Methods-Driven Execution and Phased Delivery.** Fourth, our methods-driven execution will minimize risk and regularly return measurable results. A methods-driven approach is the cornerstone of all proposed projects and will be tailored to the specific project needs.

We have proposed to approach the BMI delivery activities through three phases that will occur over the first three years of the program; each phase is targeted to achieve specific outcomes for the Commonwealth. Phases provide a way to manage risk, focus management attention, and keep the project team motivated by achieving results. While there are interdependencies between the phases, the presented approach assumes that the phases are not serial; they will be overlapped to provide business benefit sooner rather than later. The phased delivery will be supplemented through the implementation of Rapid Return projects—projects identified to create rapid business benefits for the Partnership.

An additional principle of the phased approach is the focus on the planning horizon. This execution model will be supported through the Partnership's strategic planning and portfolio management activities. Here we have



presented a three-phase plan for the first three years of the program, and as the program progresses additional planning will be conducted for years four through ten to determine what phases will be completed subsequently. This allows the organization to provide detailed plans for closer range activities and also continues to emphasize a strategic focus on a continual three-year horizon.

A final but essential element of execution is the continual progress and benefits measurement, so that we can show operational benefits, continually improve delivery, and realign projects in the portfolio as it makes sense. This type of responsiveness to measurement has been demonstrated as a best practice in AMS's VA Tax project.

### 3.5.2 Approach to Execution

As depicted in Exhibit 3-16, the BMI will be approached through a phased, incremental delivery over three years. We selected this approach on the benefits provided: offer functionality sooner rather than later and minimize overall program risk. Exhibit 3-17 shows selected activities, results and benefits of the BMI phases, and Exhibit 3-18 describes the BMI phases in more detail.

**Exhibit 3-17 Selected Activities, Expected Results, and Benefits of BMI Phases**

Conceptual Proposal Detailed Review (Due Diligence and Discovery Phase)	Phase 1	Phase 2	Phase 3
	Months 1-12	Months 1-24	Months 1-36
Key Activities	<ul style="list-style-type: none"> <li>Establish Business Modernization Board</li> <li>Determine business drivers and begin portfolio management and planning</li> <li>Refine results of discovery and due diligence</li> <li>Prepare consolidated data center and the backup facility</li> <li>Begin business process reengineering</li> <li>Establish approach for the integrated administrative management systems</li> <li>Implement initial shared service center</li> <li>Measure benefits</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing portfolio management and planning</li> <li>Complete data center consolidation efforts</li> <li>Begin configuration and testing of the integrated administrative management systems</li> <li>Continue ongoing implementations of rapid return projects and shared service centers</li> <li>Measure benefits</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing portfolio management and planning</li> <li>Complete implementation of the integrated administrative management systems for the executive &amp; pilot agencies</li> <li>Continue ongoing implementations of rapid return projects and shared service centers</li> <li>Begin implementations of the integrated administrative management systems</li> <li>Measure benefits</li> </ul>
Expected Results	<ul style="list-style-type: none"> <li>Provide a fully operational data center</li> <li>Begin consolidation of agency servers into the new data center</li> <li>Implement a call center to support the data center</li> <li>Select software that will be used to implement the integrated administrative management systems</li> </ul>	<ul style="list-style-type: none"> <li>Complete the consolidation of servers and storage in the new data center</li> <li>Begin executive and pilot agencies' integrated administrative management software configuration</li> </ul>	<ul style="list-style-type: none"> <li>Implement the integrated administrative management software in the executive and pilot agencies</li> <li>Initiate execution of rollout plan for implementing the integrated administrative management systems in the remaining agencies</li> </ul>
Benefits	<ul style="list-style-type: none"> <li>Increased efficiency at managing the IT infrastructure</li> <li>Reduced IT infrastructure expense</li> <li>Increased effectiveness due to streamlined business processes</li> <li>Reduce Commonwealth annual costs below those currently anticipated</li> </ul>	<ul style="list-style-type: none"> <li>Increased efficiency at managing the IT infrastructure</li> <li>Reduced IT infrastructure expense</li> <li>Increased effectiveness due to streamlined business processes</li> <li>Reduce Commonwealth annual costs below those currently anticipated</li> </ul>	<ul style="list-style-type: none"> <li>Streamlined performance of key business processes of central oversight agencies</li> <li>Improved constituent service in the executive and pilot agencies based on a comprehensive view of the customer being available to CSRs</li> <li>Reduce Commonwealth annual costs below those currently anticipated</li> </ul>

VA-BMI-17-012



The BMI is a ten-year project: the initial three years will focus on the core business transformation and the remaining seven years will expand, improve, and support the ongoing enterprise operations.

### Exhibit 3-18 Description of BMI Phases

#### Phase 1

<b>Objective</b>	Implement the consolidated data center and backup facility, establish enterprise data architecture and application infrastructure, and initiate the planning processes for both a business process optimization effort and a consolidated administrative management system implementation.
<b>Duration</b>	Months 1 – 12
<b>Key Activities</b>	<ul style="list-style-type: none"> <li>• <b>Establish the PMO</b> – Manage portfolio of BMI projects</li> <li>• <b>Identify and Implement Rapid Return Project(s)</b> – Identify business process changes that can be readily implemented to provide rapid business benefits to the Commonwealth</li> <li>• <b>Prepare the Consolidated Data Center Facility</b> – Establish the facilities and have them ready for configuration of the selected administrative management systems software to begin</li> <li>• <b>Select Software Package to Support the Consolidated Administrative Management Systems</b> – Research commercial-off-the-shelf (COTS) administrative management systems solutions and make a recommendation to the Business Modernization Board for final approval</li> <li>• <b>Complete Planning and Analysis Stage for Consolidated Administrative Management Systems</b> – Conduct planning sessions for each major module being consolidated (e.g., Financials, Workforce, and Performance)</li> <li>• <b>Implement the Initial Shared Service Center</b> – Implement a Call Center to support the consolidated data center facilities as the first of a series in shared service center offerings</li> <li>• <b>Begin Business Process Optimization Process</b> – Initiate the process for understanding existing business processes and defining new business processes to support the enterprise.</li> </ul>
<b>Expected Results</b>	<ul style="list-style-type: none"> <li>• Provide a fully operational, state-of-the-art data center for the consolidation of servers and storage needs</li> <li>• Implement a fully operational disaster recovery data center with a business continuity plan in place</li> <li>• Provide a fully operational call center facility providing support for the consolidated data center</li> <li>• Begin consolidation of agency servers into the new data center</li> <li>• Institute a business process optimization initiative to focus on the business, human, and technology impacts of BMI on Commonwealth employees and constituents</li> <li>• Select the software that will be used to implement the consolidated administrative management systems</li> </ul>

#### Phase 2

<b>Objective</b>	Continue the business process optimization and technology consolidation efforts, and begin the configuration and testing of the consolidated administrative management systems software for the executive and pilot agencies
<b>Duration</b>	Months 1 – 24

<b>Key Activities</b>	<ul style="list-style-type: none"> <li>▪ <b>Complete Data Center Consolidation Efforts</b> – Substantially complete the transition to the consolidated data centers</li> <li>▪ <b>Begin Configuration and Testing of the Consolidated Administrative Management Systems</b> – For the executive and pilot agencies, begin the process of configuring and testing the COTS application</li> <li>▪ <b>Continue Ongoing Implementations of Rapid Return Projects and Shared Service Centers</b> – As additional opportunities are identified, work through the Business Modernization Board and PMO to develop a process for implementation</li> </ul>
<b>Expected Results</b>	<ul style="list-style-type: none"> <li>▪ Complete the consolidation of servers and storage in the new data center</li> <li>▪ Begin executive and pilot agencies' consolidated administrative management software configuration</li> </ul>
<b>Phase 3</b>	
<b>Objective</b>	Continue the business process optimization and technology consolidation efforts, complete the implementation of the consolidated administrative management systems for the pilot and executive branch agencies, and begin deploying the consolidated administrative management systems to additional agencies
<b>Duration</b>	Months 1 – 36
<b>Key Activities</b>	<ul style="list-style-type: none"> <li>▪ <b>Complete Implementation of Consolidated Administrative Management Systems for the Executive &amp; Pilot Agencies</b> – Implement the full suite of administrative management systems functionality within the executive and pilot agencies</li> <li>▪ <b>Continue Ongoing Implementations of Rapid Return Projects and Shared Service Centers</b> – As additional opportunities are identified, work through the Business Modernization Board and PMO to develop a process for implementation</li> <li>▪ <b>Continue Implementation of the Consolidated Administrative Management Systems</b> – Determine the approach for rolling the consolidated administrative management systems out to the remaining agencies and begin execution of that approach</li> </ul>
<b>Expected Results</b>	<ul style="list-style-type: none"> <li>▪ Streamline the performance of key business processes of central oversight agencies</li> <li>▪ Implement the consolidated administrative management software in the executive and pilot agencies</li> <li>▪ Improved constituent service in the executive and pilot agencies based on a comprehensive view of the customer being available to customer service representatives</li> <li>▪ Initiate execution of rollout plan for implementing the consolidated administrative management systems in the remaining agencies</li> </ul>

---

### **Ongoing Enterprise Operations**

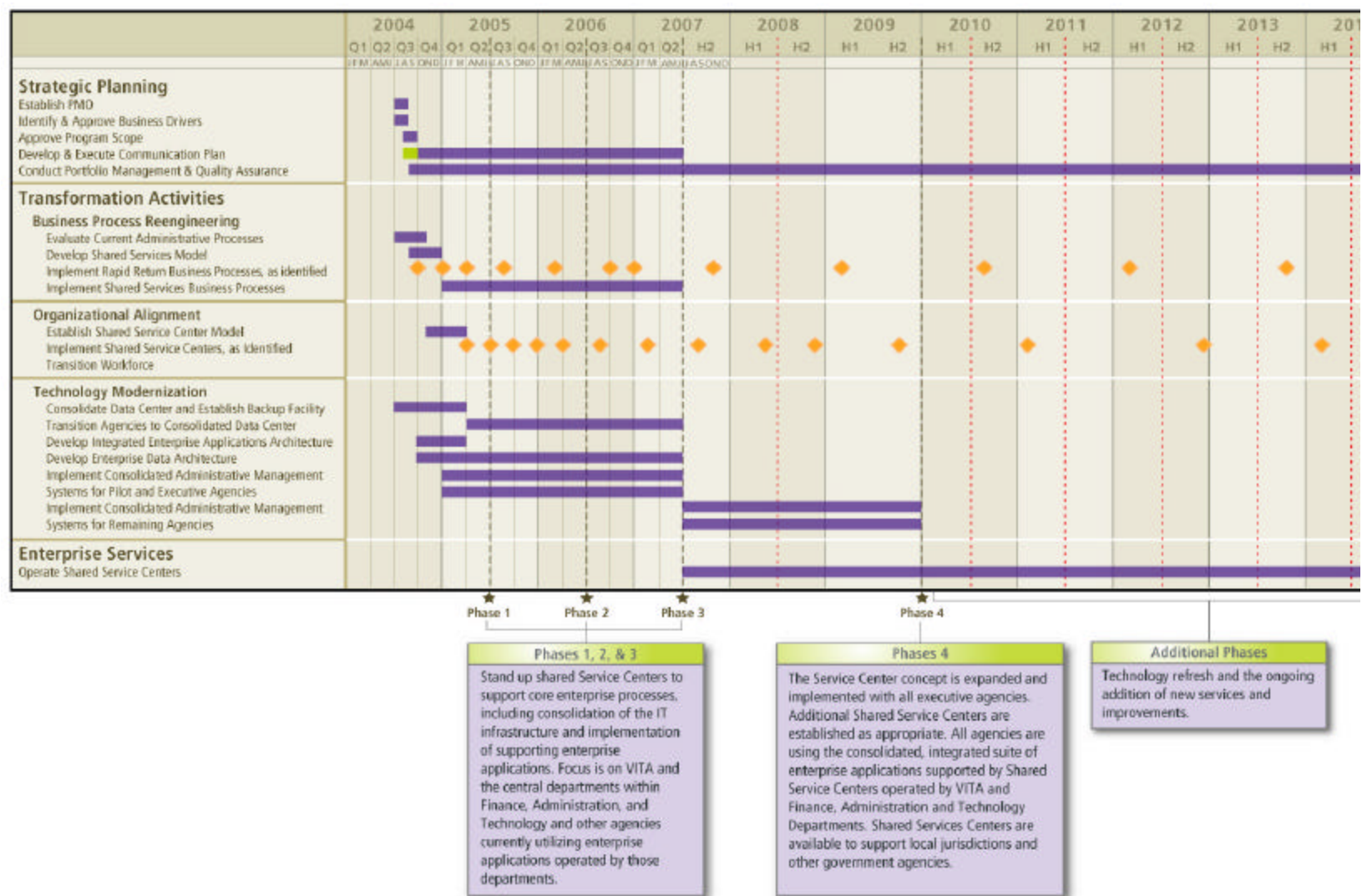
---

<b>Objective</b>	Continue strategic planning efforts, implement the consolidated administrative management systems within additional agencies, provide continued support for the consolidated technology platforms, and institute processes for completing technology refresh activities
<b>Duration</b>	Months 37 – 120
<b>Expected Results</b>	<ul style="list-style-type: none"><li>• Complete the consolidated administrative management software implementations in the remaining agencies</li><li>• Implement additional Shared Service Centers, if possible</li><li>• Institute process for ongoing technology refresh activities so that COVA will continue to utilize up-to-date technology (e.g., hardware, software and related processes) to support the enterprise</li><li>• Continual evaluation of project health and priority adjustment</li><li>• Employment of efficient and streamlined support services to the Commonwealth for IT, application, and business process support</li><li>• Institute and maintain a continuous improvement plan to coordinate business processes and support mechanisms with the changing strategic needs of the Commonwealth</li></ul>

---

Exhibit 3-19 provides a visual representation of a possible schedule for the phased BMI rollout.

**Exhibit 3-19 BMI Implementation Roadmap**



VA-BMI-4

### 3.6 Contingency Plans

*Identify contingency plans for addressing public needs in the event that all or some of the project is not completed according to projected schedule.*

**The BMI will utilize a portfolio management process that will provide the flexibility to monitor and adjust program activities as necessary.**

The Alliance has developed a conservative approach to the Initiative that is based on the principle of portfolio management. Portfolio management will provide the flexibility to monitor and adjust program activities as necessary, so contingency planning is built into our management technique.

Also, our approach includes the continued utilization of the existing systems and infrastructure until the new components have been transitioned into production, providing further ability to be flexible without adversely impacting the Commonwealth's employees or constituents. A key responsibility of the Business Modernization Board will be to monitor and support the contingency plan process.

### 3.7 Allocation of Risk and Liability

*Propose allocation of risk and liability for work completed beyond the agreement's completion date, and assurances for timely completion of the project.*

**We will institute rigorous program management procedures that will manage risk throughout the program duration.**

We propose an approach to the Initiative that manages risk throughout the program duration. As part of our approach we will institute rigorous program management procedures that will monitor the progress of the individual projects and the program as a whole, and report status to the Business Modernization Board. On all engagements, we monitor our progress and make modifications required to meet the project schedule, such as bringing on additional staff to complete tasks or providing additional training to shorten learning curves.

### 3.8 Assumptions

*State assumptions related to ownership, legal liability, law enforcement and operation of the project and the existence of any restrictions on the Commonwealth's use of the project.*

The Alliance presents the following assumptions for the BMI:

- This proposal is based on the participation of Commonwealth Executive Branch Agencies. It does not assume the inclusion of higher education institutions and legislative or judicial branches. The proposed shared service centers and infrastructure, however, can be scaled to accommodate participation from higher education institutions and the legislative and judicial branches and appropriate adjustments to this proposal can be made accordingly.
- In order to develop this conceptual proposal, the Alliance has made a number of assumptions based on the information available in the Commonwealth of Virginia Strategic Technology Plan (2002-2006), September 2002, VITA Operating Plan, August 2003, Wilder Commission Report, and other resources publicly available.
- The Commonwealth will provide access to data and analysis such that the due diligence phase can be completed within an agreed upon time.
- The Commonwealth will provide sufficient detail on the cost of providing its existing enterprise functions to assist in the development of detailed financial and program management plans.

- The Commonwealth will mandate that the agencies will work with the Partnership to implement the changes envisioned by the detailed proposal.
- The Commonwealth will have statutory structure in place that will allow the Partnership to capture and accumulate benefits in accounts separate from the general fund. The Commonwealth will need to ascertain if vehicles such as the IT Investment Fund will be appropriate for use in this program.
- The Commonwealth, to support the transition of personnel to the Partnership, will have legislation in place to address the staffing issues of the Alliance.
- The Commonwealth will commit to the BMI for a 10-year period.

### 3.9 Phased or Partial Rollout

---

*Provide information relative to phased or partial openings of the proposed project prior to completion of the entire work.*

Integral to the Alliance's proposed implementation strategy is the concept of a phased rollout. The Alliance has presented a phased approach as a means to mitigate overall program risk, while providing business benefit as quickly as possible. The strategy behind our approach is to provide effective business results and deliver the applications in a coordinated way, while managing the interrelationships and dependencies of the phases.

The phased approach focuses the first three years of the program on achieving the core business transformation by executing three distinct phases. The ongoing planning efforts will determine the subsequent phases and timeline.

Please refer to Section 3.5 for additional detail on the Alliance's phased approach and associated timeline.